LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7101 **DATE PREPARED:** Jan 11, 2002
BILL NUMBER: SB 405 **BILL AMENDED:**

SUBJECT: Health Facility Receiverships.

FISCAL ANALYST: Michael Molnar
PHONE NUMBER: 232-9559

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill allows a receiver appointed for a health facility to relocate the health facility's patients under certain conditions. The bill permits the state to recover costs incurred by the state as the result of the receivership.

Effective Date: July 1, 2002.

Explanation of State Expenditures: (Revised) The fiscal impacts of this bill are two-fold. The state may save money due to reduced time spent in court. In addition, the state may recoup some costs of receivership from a facility that declares bankruptcy.

Under current law, the state must obtain a court order to remove patients from a facility that is under receivership. This bill sets forth three qualifying criteria under which patients can be relocated to another facility. This allows the receiver and the state to respond more quickly and reduces staff time spent in court proceedings. The savings associated with this component are not known. The Attorney General's Office spent a negligible amount of time in receivership-related court proceedings last year.

The bill establishes the state as the priority debtor in a bankruptcy proceeding involving a facility that has been placed into receivership. Last year the state incurred $7 M in costs from one facility that was placed into receivership. The state is currently appealing a ruling regarding rent for this facility. This may result in an additional cost of approximately $1 M for this facility. Part of the cost of receivership is that of placing patients in state care, if deemed necessary. These patients normally would not qualify for state placements.

Explanation of State Revenues: The state may recoup some costs of receivership from facilities that declare bankruptcy. Total revenue is undeterminable at this time.

Explanation of Local Expenditures: There will be a local cost to the extent that a county-owned facility is impacted. There are currently six county-owned facilities in the state.

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration, Indiana State Department of Health, Office of the Attorney General.

Local Agencies Affected: County health facilities.

Information Sources: Jennifer Thuma, Assistant Director Legislative Affairs, Office of the Attorney General, (317) 233-6143; Amy Brown, Legislative Director, Family and Social Services Administration, (317) 232-1149; Marilyn Cage, Legislative Liaison, Indiana State Department of Health, (317) 233-2170.